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The role of diamonds in fuelling conflict**Letter dated 18 October 2001 from the Permanent Representative of South Africa to the United Nations addressed to the Secretary-General**

I have the honour to transmit herewith the provisional report of the Kimberley Process. You may recall that paragraph 6 of General Assembly resolution 55/56 of 1 December 2000 requests the countries participating in the Kimberley Process to present to the Assembly, no later than its fifty-sixth session, a report on progress made.

Participants of the Kimberley Process are currently engaged in a process to come up with a simple and workable international certification scheme for rough diamonds. In this regard, two more plenary meetings and a ministerial session of the Kimberley Process are scheduled for later this year. Please be informed that a comprehensive progress report will be forwarded to your office at the end of the year.

I have the honour to enclose herewith a provisional report of the Kimberley Process for your consideration in an attempt to keep the General Assembly informed of developments so far achieved.

(Signed) Dumisani S. Kumalo
Ambassador
Permanent Representative



Annex to the letter dated 18 October 2001 from the Permanent Representative of South Africa to the United Nations addressed to the Secretary-General

Provisional report of the Kimberley Process to the General Assembly, submitted in pursuance of Assembly resolution 55/56 of 1 December 2000

Summary

Operative paragraph 6 of the United Nations General Assembly (UNGA) resolution 55/56 adopted 1 December 2000 requests the countries participating in the Kimberley Process to present to the UNGA, no later than its 56th Session, a report on progress made. Resolution 55/56 also informs of the decision of the General Assembly to include in the provisional agenda of its 56 session the item entitled "The role of diamonds in fuelling conflict".

The Kimberley Process was established at the initiative of Southern African diamond producing countries to establish minimum common international standards for national certification schemes relating to the trade in rough diamonds. It is hoped that this will stem the flow of rough diamonds from rebel held conflict areas, in support of existing UN Security Council sanctions, thereby contributing substantially to peace efforts. The proposed certification scheme will also protect the legitimate diamond industry upon which many countries are dependent for their economic and social development.

It should be noted that the Kimberley Process, under the chairpersonship of South Africa, has since held the following meetings with the view to designing effective measures to break the link between diamonds and armed conflict:

- 1 Kimberley Process Meeting and Technical Workshop, Windhoek, 13 to 16 February 2001;
- 2 Kimberley Process Meeting, Brussels, 25 to 27 April 2001;
- 3 Kimberley Process Meeting, Moscow, 3 to 5 July 2001;
- 4 Kimberley Process Meeting, Twickenham, United Kingdom, 11 to 13 September 2001.

The above-mentioned Kimberley Process meetings summarised their proceedings by issuing communiqués that are herewith attached as appendices A to D respectively. A plenary meeting to be held in Angola from 30 October to 1 November 2001 and a plenary meeting in Botswana from 26 to 28 November 2001 will precede a Ministerial meeting in Botswana on 29 November 2001.

Participation at Kimberley Process Meeting

The Kimberley Process has striven to be inclusive by inviting States involved in producing, processing, exporting and importing of rough diamonds to join the process. Furthermore, the Kimberley Process has always been willing to welcome any state that indicates its interest to participate.

Representatives from the diamond industry and civil society are also active participants within the Kimberley Process.

The objectives

The Kimberley Process is addressing the problem of conflict diamonds. Its mandate is to create an effective and pragmatic international certification scheme for trade in rough diamonds that will be based primarily on national certification schemes. These national certification schemes should meet internationally agreed minimum standards that will be contained in the outcome document of the Kimberley Process.

Progress Report

The Kimberley Process meeting that took place in Windhoek adopted a roadmap (contained in the final Communiqué) to guide future meeting in devising an implementable, simple and workable international certification scheme for rough diamonds. The roadmap detailed meetings of the Kimberly Process in 2001 and the objective of each meeting.

The Kimberley Process has, to date, been able to keep to the roadmap. It met for the second time in Brussels from 25 to 27 April 2001. This meeting produced a consolidated paper that outlined the elements of a model certificate of origin in the context of a broader international certification scheme and considered the need for non-producing countries to certify their rough diamond exports. The Brussels meeting mandated one delegate to draft a non-paper containing all the elements of the envisaged certification scheme for rough diamonds.

The Moscow meeting made significant progress by adopting the abovementioned paper as the basis on which to organise its work and by introducing the need for the certification of all rough diamond exports. The working document outlines the proposed essential elements of an international system for certification of rough diamonds, including the internal controls that would be necessary to underpin the certificate. The meeting appointed coordinators to collate inputs to the various sections in the working document from participants.

The Twickenham meeting further refined the essential elements with the view to developing a consensus document. It was also agreed that additional work would be undertaken to assess the relationship between proposed elements of the envisaged certification scheme and international trade obligations, as well as elements relating to implementation of the proposed scheme in the European Community.

Among the issues in need of further consideration, are the type of instrument necessary to establish the envisaged certification scheme, when and how it would enter into effect and the mechanism with which it will be implemented and maintained.

Conclusion

The Kimberley Process recognises the urgency of addressing the conflict diamond issue and protecting the legitimate diamond trade. It therefore, remains committed to pursuing inclusive deliberations in order to refine proposals for the envisaged certification scheme and to reaching an agreement at the earliest possibility.

The outcome of the two forthcoming meetings in Luanda and Botswana would determine when the Kimberley Process would forward a consolidated progress report to the UNGA.

Appendix A

Kimberley Process Meeting and Technical Workshop, Windhoek, 13 to 16 February 2001

FINAL COMMUNIQUE

The first meeting to be convened under the "expanded" Kimberley Process mandated by the United Nations General Assembly (UNGA) Resolution 55/56 of 1 December, 2000 was held in Windhoek, Namibia from 13 – 16 February 2001. The meeting was held in two parts - an Officials session on 13 February followed by a Technical Workshop from 14 – 16 February. In all, 26 governments, the World Diamond Council and representatives from SADC, the European Commission as well as civil society participated in the Technical Workshop.

The Technical Workshop, which was officially opened by the Honourable, Mr J. Nyamu, Minister of Mines and Energy of Namibia, reviewed and discussed presentations from Angola and Sierra Leone on their respective certification systems; from Belgium on its import procedures; and from Russia and Israel on their national legislative frameworks. The Technical Workshop also considered a presentation by the Belgian Diamond High Council regarding possible minimum acceptable standards for certification.

The participants welcomed the UNGA Resolution as a significant step in efforts to break the link between conflict diamonds and armed conflict. In particular, participants recognized the need expressed in the Resolution to give urgent and careful consideration to devising effective and pragmatic measures to address the problem of conflict diamonds, including the creation and implementation of a simple and workable international certification scheme for rough diamonds.

At their session on 13 February, officials considered the UNGA Resolution's call for the development of detailed proposals for the envisaged international certification scheme for rough diamonds in close collaboration with the diamond industry and taking into account the views of the relevant elements of civil society. In order to move quickly towards the development of such proposals, officials outlined subsequent steps in the overall process. This "roadmap", which was discussed with industry and civil society representatives during the subsequent Technical Workshop, includes a series of focussed, expert meetings to develop various aspects of the envisaged international certification scheme for rough diamonds. An indicative schedule of meetings is attached as attachment 1. Every possible effort will be made to accelerate the process.

In order to facilitate and accelerate the expanded Kimberley Process, the meeting also agreed to establish a Task Force. This Task Force, which comprises diamond producing, exporting and manufacturing countries, SADC, the World Diamond Council and the European Union, with civil society as observers, will assist South Africa as the Chair of the Kimberley Process in tracking overall progress, proposing draft agendas for meetings and coordinating the preparation of detailed working papers for each meeting. The mandate, composition and initial terms of reference for the Task Force are attached as attachment 2. The Task Force will work in close cooperation with civil society.

The next meeting of the Kimberley Process will be held in Belgium in April 2001. It will concentrate on a detailed analysis of existing systems of export and import controls for

rough diamonds and an assessment of current practice and experience of existing national certification schemes for rough diamonds in Angola and Sierra Leone, with a view to identifying minimum acceptable standards for the envisaged international certification scheme. Subsequent meetings will develop detailed proposals for the international certification scheme itself, based on the agreed minimum acceptable standards, and for macro statistics on rough diamonds. A report will be presented to the 56th Session of the UNGA.

Attachment 1

KIMBERLEY PROCESS "ROADMAP"

In order to develop the detailed proposals for an international certification scheme for rough diamonds called for in UNGA Resolution 55/56 of December 1, 2000, Kimberley Process participants have agreed on a schedule of focussed, expert meetings. The indicative schedule for these meetings and the topics to be discussed at each meeting, is produced below. Every effort will be made to accelerate this schedule.

April 2001: Belgium

Analysis of import/export controls with a view to identification of elements of minimum acceptable standards for the international certification scheme for rough diamonds.

June 2001: Russian Federation

Definition of proposals for minimum acceptable standards.

September 2001: United Kingdom

Develop detailed proposals for the international certification scheme for rough diamonds based on the agreed minimum acceptable standards.

October 2001: Angola (to be confirmed by Angola)

Finalize detailed proposals for the international certification scheme. Consolidate input for report back to the UNGA.

November 2001: Botswana

Possible Ministerial Meeting.

Attachment 2

KIMBERLEY PROCESS TASK FORCE

MANDATE

To assist the Chair of the Process in the development of detailed proposals for the international certification scheme for rough diamonds envisaged in United Nations General Assembly Resolution 55/56 of 1 December 2000.

COMPOSITION

Under the general guidance of the Chair, the Task Force will include representatives of some or all of the following governments: Angola, Australia, Belgium, Botswana, Canada, China, Israel, Namibia, Russia, Sierra Leone, South Africa, Switzerland, the United Kingdom and the United States, officials of the SADC and the European Union, and the World Diamond Council. At the discretion of the Chair, others may subsequently be added to the Task Force. The Task Force will work in close consultation with civil society.

TERMS OF REFERENCE

To facilitate and accelerate the Kimberley Process, the Task Force will assist the Chair in tracking overall process, preparing draft agendas for meetings and coordinating the preparation of detailed working papers for each meeting.

With respect to the next meeting, and taking into account the statement of the Ministerial Conference held in Pretoria on 21 September 2000, as well as the report of the Working Group on Diamonds presented at that time, the Task Force is charged with preparing a working paper to serve as a basis for discussion. In preparing this working paper, which will be distributed to Kimberley Process participants at least three weeks before the meeting, the Task Force will:

1. Collect, collate and analyze existing systems of export and import control for rough diamonds including legislative regimes and others.
2. Analyse current practice and experience of national certification schemes for rough diamonds from Angola and Sierra Leone.
3. Identify elements to be incorporated into a set of minimum acceptable standards for the envisaged international certification scheme for rough diamonds.
4. Make recommendations with respect to subsequent steps in the development of the international certification scheme.

The Task Force will also draft detailed terms of reference for working papers for subsequent meetings as directed by the Chair and by the Process as a whole.

Appendix B

Kimberley Process Meeting, Brussels, 25 to 27 April 2001

FINAL COMMUNIQUE

The Kimberley Process met in plenary session in Brussels on 25 and 26 April 2001. In all, 38 governments, the World Diamond Council, SADC, the European Commission, the World Customs Organisation, representatives of the chairmen of the UN Sanctions Committees for Angola and Liberia, and representatives from civil society took part.

The State Secretary for Foreign Affairs of Belgium, Mrs Annemie Neyts-Uyttebroeck, formally opened the plenary. In line with the mandate agreed at its meeting in Windhoek in February, the Kimberley Process continued its detailed discussion on minimum acceptable standards for an international certification scheme for rough diamonds. This included presentations on the implementation of the national certification schemes in Angola and Sierra Leone, together with an overview of the preliminary results to date, of a detailed questionnaire on national import and export controls for rough diamonds. The Kimberley Process encourages those countries that have not yet done so, to submit their replies to the questionnaire.

The plenary also considered the preparations by the Kimberley Process Task Force, which at its second meeting earlier in April produced a working paper on key issues and questions for an international certification scheme. The participants in the Brussels meeting went on to consider the output represented by the returned questionnaires, the current national certification schemes and the Task Force working paper, in order to further develop minimum acceptable standards.

To this end, the plenary divided itself into two working groups. The first, led by Namibia and Russia, considered possible common elements for a certificate of origin within the context of a broader certification scheme. An in-depth discussion took place on the specific content of the proposed certificates of origin, while preliminary discussion took place on subjects such as controls to first export, and the necessary legislative frameworks. There was emerging consensus on the common elements of the certificate of origin as a building block for a certification scheme for rough diamonds, as outlined in the document presented by the breakaway working group (see attachment). It was also noted that the proposed certificates of origin would be relevant only to producer countries.

The second group, led by the European Commission and Angola, examined issues from the perspective of the importer, user and re-exporter of rough diamonds, and considered the application of minimum standards to specific issues such as free zones and goods of mixed origin. Also discussed was the possible role of certificates of legitimacy in the proposed international certification scheme.

The working groups will continue to generate discussion documents in preparation for the next meeting in Moscow. The plenary considered and accepted the reports from the working

groups. The plenary considered and accepted the reports from the working groups. The plenary agreed to evaluate a set of minimum acceptable standards for certificates, with the undertaking that these and any subsequent, additional elements should be prepared for formal adoption at the Kimberley Process plenary in Moscow in June.

In addition, the plenary mandated the Task Force to continue with the preparatory work for the next meeting in Moscow and to provide documentation to the Kimberley Process participants three weeks before the meeting.

Attachment

WORKING DOCUMENT ON A PROPOSAL FOR THE ADOPTION OF A MODEL CERTIFICATE OF ORIGIN IN THE CONTEXT OF A BROADER INTERNATIONAL CERTIFICATION SCHEME

I. Physical Parameters of proposed Document

1. Size: A4 (297mm x 210mm)

This is the size of the Certificates of Origin of Angola and Sierra Leone. Also the future CoO's for Guinea and DRC will be this size.

2. Layout:

Landscape printing

3. Parts:

Every Certificate of Origin consists of three (3) parts:

1. A Certificate of Origin-part (e.g. 210mm x 197mm);
2. A detachable Import Confirmation Certificate-part (e.g. 210mm x 70mm);
3. A detachable Security Slip-part (e.g. 210mm x 30mm).

4. Paper

Security paper (cotton based) with added chemicals to avoid tampering and containing UV activated fibres in the mass of the paper.

5. Security features:

- Continuous Watermark visible throughout the whole document (3 parts) eventually combined with a 'placed watermark' on the CoO-part.
- Intaglio printed border on Certificate of Origin-part.

- Microprinting throughout the whole document (3 parts).
- Optically Variable Inks (OVI) or other optical effect such as hologram (to render copying of the Certificate of Origin impossible).
- Numbering on all parts in black as well as in UV ink and additional perforated number.
- UV ink printed special design feature on CoO-part (e.g. coat of arms).
- Other non-disclosed specified security features.

6. Numbering/coding:

- Every Certificate of Origin has a unique sequential number (e.g. 000123) that is printed on all parts of the document (i.e. CoO-part; ICC-part; Security Slip-part).

ONLY 1 (ONE) PHYSICAL CERTIFICATE OF ORIGIN CAN EXIST BEARING THIS PARTICULAR SEQUENTIAL NUMBER

As an additional security feature, every Certificate of Origin has a unique perforated alphanumeric code/ number (e.g. A52349) that is visible on the CoO-part and on the ICC-part. The first character of this code may represent the printing series from which the document has been derived.

7. Printshop:

To avoid that the Certificate of Origin would be perceived as flawed because of the possibility that the printshop would print more -illegal- copies of the same Certificate of Origin, only printshops accredited at the Association of Security Printers can be accepted.

II. Contents

A. CERTIFICATE OF ORIGIN -part

The Certificate of Origin must contain all the relevant information necessary to authenticate the country of origin of a shipment of rough diamonds.

The minimum requirements of the contents are:

- Country of Origin
- Issuing authority or exporting authority
- Description of the goods (e.g. Rough (Uncut) Diamonds)

- Identification of Consignee (Name; Address)
- Identification of Exporter (Name; Address; o.d.)
- Identification of parcel (Parcel code/number; Invoice reference)
- Total Mass (weight) in carats; Total values in US \$
- Data of issuance
- Set of authorised stamps and signatures
- Lists quality characteristics (classification; mass/weight in carats; where applicable quantity = number of pieces) on reverse side.

B. IMPORT CONFIRMATION CERTIFICATE –part

The Import Confirmation Certificate is a detachable part of the Certificate of Origin that accompanies the parcel.

Objectives:

- To create a closed loop between the exporting and importing authority
- To match imports and exports of both importing and exporting countries
- To create a complete audit trail

Upon importation, the Importing Authority must date, sign and stamp the ICC in due form and return it to the Exporting Authority in the Country of Origin to create the closed loop effect.

For auditing purposes, the Importing Authority must retain a copy of the filled –out ICC-part and keep it on record together with the original copy of the CoO-part.

Upon importation, the Importing Authority must date, sign and stamp the ICC in due form and return it to the Exporting Authority in the Country of Origin to close the loop.

For auditing purposes, the Importing Authority must retain a copy of the completed ICC-part and keep it on record together with the original copy of the CoO-part.

C. SECURITY SLIP –part

The detachable Security Slip will be securely fixed and sealed by the Exporting Authority on the box containing the shipment in such a way that opening the box will automatically

rupture and break the Security Slip. It constitutes a physical link between the actual parcel of diamonds and the documents guaranteeing their origin.

- contains same sequentially printed number as on other parts, confirming the authenticity of the parcel

- is to be fixed and sealed on the box containing the diamonds

- guarantees an indelible link between CoO and physical parcel of diamonds

NOT TO BE BROKEN IN TRANSIT – the box may only be opened by the Importing Authority at the Destination

Appendix C

Kimberley Process Meeting, Moscow, 3 to 5 July 2001

Final Communiqué

All participants agreed that significant progress was made in identifying the essential elements of a system to combat conflict diamonds. The participants further expected to be able to present to the 56th Session of the United Nations General Assembly, the report on progress required from the Kimberley Process.

From 3 to 5 July 2001 the Kimberley Process met in Plenary Session in Moscow. Representatives of 34 governments, the European Commission, as well as representatives of the international diamond industry, notably the World Diamond Council (WDC), and non-governmental organisations took part in the meeting. The main objective of the meeting was to define minimum acceptable standards for an international system of certification of rough diamonds, consistent with the mandate set out in the United Nations General Assembly Resolution 55/56 of 1 December 2000.

The Kimberley Process Task Force met on 2 July in preparation for the Plenary Session. The Task Force considered a framework paper outlining proposed essential elements of the envisaged system of certification. The Task Force also welcomed the results of the global survey on import and export controls relating to the trade in rough diamonds and took note of several discussion papers prepared in response to the decisions taken at the previous Kimberley Process meeting in Brussels, in April 2001.

Participants at the Plenary agreed in principle on the basic elements of an international system for certification of rough diamonds. These elements will be elaborated further in preparation for the next meeting of the Kimberley Process. This will include the formal and content of certificates accompanying rough diamonds, plus the minimum standards which both support those certificates and underpin the whole system.

Russia presented a model certificate and container sample for storing and transporting of rough diamonds that might be used within the framework of the international scheme being developed, and Guinea presented its Certificate of Origin that was introduced on 18 June 2001.

The importance of putting in place adequate national monitoring and control systems to promote transparency and accountability was agreed upon. The progress achieved in implementing the sanctions regimes in Angola and Sierra Leone was welcomed.

Participants welcomed proposals from the World Diamond Council for a system of industry self-regulation, based on a chain of warranties. Wherever possible these warranties would be legally endorsed by the respective governments. It was recognised that such a system of self-regulation would form an integral part of the overall certification scheme.

Based on the achievements of the Moscow plenary meeting the Kimberley Process is able to proceed with the further definition and refinement of detailed proposals for the envisaged certification scheme. The next meeting of the Kimberley Process is scheduled to take place in London in September 2001.

Appendix D

Kimberley Process Meeting, Twickenham, United Kingdom, 11 to 13 September 2001

Final Communiqué

The Kimberley Process met in plenary session in Twickenham from 11 to 13 September 2001. Representatives of 32 governments, the European Community, as well as representatives of the international diamond industry, notably the World Diamond Council, and non-governmental organisations, took part in the meeting. In line with the Road Map agreed at the plenary in Windhoek in February 2001, and building on significant progress achieved at the plenary sessions in Brussels in April and Moscow in July, the Twickenham meeting focussed on the refinement of detailed proposals for the international certification scheme for rough diamonds, based on agreed minimum common standards.

Participants at the plenary considered a revised version of a draft document setting out the essential elements of an international certification scheme for rough diamonds. They agreed in principle on the following proposals for key elements for an international certification scheme:

- the use of forgery-resistant certificates and tamper-proof containers for shipments of rough diamonds
- internal controls and procedures which provide credible assurance that conflict diamonds do not enter the legal market
- a certification process for all exports of rough diamonds
- the collation, and sharing with other participants, of relevant production, import and export data on rough diamond
- credible monitoring and oversight of the international certification scheme for rough diamonds
- **effective enforcement** of the provisions of the certification scheme, i.e. by effective, dissuasive and proportional penalties to violations of this legislation
- the useful role of self-regulation by the diamond industry which will fulfil minimum requirements
- the sharing of information with all other participants on relevant rules, procedures and legislation, as well as examples of national certificates used to accompany shipments of rough diamonds

There was further agreement that, subject to refinement and final endorsement, the above key elements would form the basis of an international certification scheme. Participants will continue their deliberation on all aspects of the scheme, including the nature of the international instrument in which the certification scheme will be reflected, on how a monitoring system can be made credible and with industry on the interaction between self-regulation and the scheme. It was also agreed that additional work would be undertaken to assess the relationship between proposed elements of the envisaged certification scheme and international trade obligations, as well as elements relating to implementation of the proposed scheme in the European Community.

The next meeting of the Kimberley Process is due to take place in Luanda, Angola from 30 October to 1 November 2001.

The Kimberley Process will report to the 56th session of the United Nations General Assembly on progress achieved.
